



The Importance of Bookkeeping in Business

If I said it was as important as sales, you would think: “How can my bookkeeping be as important as making a sale?”. Well actually, it is, and this is not necessarily a biased opinion because I am a bookkeeper. For over 30 years I have watched businesses prosper and also watch them fail miserably with huge debt loads. What is a common denominator among the successful ones?

Most people and businesses who prosper watch their numbers intensely. Their banks and other accounts are reconciled regularly. All expenses are captured and posted. The owners set monthly deadlines to review the financial reports. They not only review, but react accordingly.

Quite simply, you can sell your thousands of dollars in products and/or services, but if you don’t collect the money or know how much you are spending to make the sale, your business may not be prospering and you may not even know it. Therefore, no matter how proud you are for making \$3 million in sales, your books could tell you that you have spent 3.3 million in expenses. It’s a little late to react in order to fix the problems when you only look at your accounting once a year.

Yes, sales are vitally important to any business as is collecting the money. There are, however, other facets and obligations and, often, they require an accurate set of numbers. Things like taxes and payroll.

Every business owner should know that they must keep proper books. By law they have to. Unfortunately, they may not necessarily understand how to actually do them or the time it takes to do them properly. Many times the new business owner adds this item to their to-do list. Really, how hard could the bookkeeping be? You make and record a sale, collect the money and record the expenses. Seems simple enough, right? But, the new business owner also has to deal with following through after the sale, marketing, networking, possibly staffing and numerous other administrative and practical jobs that come out of the closet when you are a one person army or overly busy and under staffed.

In many cases, in the beginning of a new venture, the business owner just doesn’t want to put out the expense for a bookkeeper and they try to do it themselves. But, guess what – this is the first item on the to-do-list that is dropped when the business owner becomes overwhelmed. If you want to succeed, this is usually the first big mistake that undermines this success.

Let’s look at this from another direction and do the math for a moment. A business owner may take a day or more to do the weekly or monthly bookkeeping. An experienced bookkeeper may complete the bookkeeping in half the time and most likely will offer other administration services as well. The bookkeeper can set a budgeted amount of time per month for their efforts. Your cost if you do it yourself is of course is zero. But think about it, how many sales opportunities have you lost while you buried your head into the paperwork? Could be thousands!!!!

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Therefore, surround yourself with the professionals who are worth their weight in gold and free yourself up to go make money by doing what you do best. Remember, you would never see a CEO of a large company doing data entry bookkeeping.